

**TREASURE VALLEY CHRISTIAN CENTER, INC.
DBA OASIS FOOD CENTER**

Report on Financial Statement
and Supplemental Information

For the Year Ended December 31, 2008

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Independent Auditor's Report

Board of Directors
Treasure Valley Christian Center, Inc.
dba Oasis Worship/Food Center
Caldwell, Idaho

We have audited the accompanying statement of cash receipts and disbursements of **Oasis Food Center** (a nonprofit organization), for the year ended December 31, 2008. This financial statement is the responsibility of the Center's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of **Oasis Food Center** as of December 31, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009, on our consideration of **Oasis Food Center's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts and disbursements of **Oasis Food Center**. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements and, in our opinion, is fairly stated in all material respects in relation to the statement of cash receipts and disbursements basis of accounting.

Bailey & Co.

Nampa, Idaho
April 29, 2009

Oasis Food Center
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2008

Receipts

Entitlement	\$ 752,462
Grant	500
Food Commodities (noncash)	18,545
Adult Meals Paid	1,035
Donations	6
Interest Income	3,468
Total Receipts	<u>776,016</u>

Disbursements

Salaries	129,829
Payroll Taxes	5,553
Contract Labor	2,342
Insurance	4,862
Food	256,812
Food Commodities (noncash)	18,545
Non Food Supplies	42,297
Telephone	3,191
Rent Expense	14,757
Contracts	150,000
Travel and Transportation	23,741
Fees	2,935
Advertising	191
Administrative Fees	71,182
Total Disbursements	<u>726,237</u>

Excess of Receipts over Disbursements	<u>\$ 49,779</u>
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See accompanying notes to financial statement.

Oasis Food Center
Notes to Financial Statement
For the Year Ended December 31, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

Oasis Food Center (the Center) is a nonprofit organization associated with Treasure Valley Christian Center, Inc. The Center is qualified as a tax-exempt organization. The primary purpose of the Center is to provide food for under privileged children during the summer months when they are unable to receive food from the schools. The Center's major source of revenue comes as grants from the State Department of Education as a pass-through grant from the U.S. Department of Agriculture.

Basis of Accounting

The financial statement of the Center has been prepared on the cash basis of accounting, which is an other comprehensive basis of accounting. Under this basis, revenues are recognized when received, rather than when earned. Expenses and purchases are recognized when cash is disbursed, rather than when the obligation is incurred. Consequently, accounts receivable and accrued expenses are not included in the financial statement as of December 31, 2008.

Cash and Cash Equivalents

The Center holds all cash in federally insured accounts.

Donated Assets

As a cash basis entity, noncash donations are recorded as revenues and expensed as used. The only noncash donations were food commodities.

Donated Property and Equipment

As a cash basis entity, donations of property and equipment are expensed in the year of donation. There was no donated property and equipment for the year.

Property and Equipment

As a cash basis entity, purchased property and equipment are expensed when purchased.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Oasis Food Center
Notes to Financial Statement
For the Year Ended December 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue and Support

The Center receives revenue and support in the form of grants, food sales to adults, interest income and donations.

Revenue and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose for which the restriction was established is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue, and expenses as net assets released from restrictions.

The Center had no donor-restricted support during the year.

FEDERAL REPORTS

Oasis Food Center
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed through the State Department of Education:		
National School Lunch	10.555	\$ 18,545
Summer Food Program	10.559	<u>707,776</u>
Total U.S. Department of Agriculture		<u>726,321</u>
 Total Federal Financial Assistance		 <u>\$ 726,321</u>

NOTE: The accompanying schedule of expenditures of federal awards is prepared on the cash basis of accounting.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Treasure Valley Christian Center, Inc.
dba Oasis Worship/Food Center
Caldwell, Idaho

We have audited the accompanying statement of cash receipts and disbursements of **Oasis Food Center** (the Center) for the year ended December 31, 2008, which comprises the Center's basic financial statement and have issued our report thereon dated April 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiency described

in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. 2008-1

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Oasis Food Center's** financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit the Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bailey & Co.

Nampa, Idaho
April 29, 2009

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
In Accordance with OMB Circular A-133**

Board of Directors
Treasure Valley Christian Center, Inc.
dba Oasis Worship/Food Center
Caldwell, Idaho

Compliance

We have audited the compliance of **Oasis Food Center** (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, **Oasis Food Center** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of **Oasis Food Center** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bailey & Co.

Nampa, Idaho
April 29, 2009

Oasis Food Center
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Noncompliance material to financial statements noted? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered material weaknesses? ☒ yes ☐ none reported

Federal Awards

Internal Control over major programs:

Noncompliance material to financial statements noted? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA Numbers

Name of Federal Program

10.555

National School Lunch

10.559

Summer Food Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$300,000

Auditee qualified as low risk

☐ yes ☒ no

Section II - Financial Statement Findings

2008-1: Preparation of Financial Statements

Criteria:

Statement of Auditing Standards No. 112 places the responsibility on management for the preparation of the Center's annual financial statements and footnotes in accordance with the basis of accounting for cash receipts and disbursements.

Condition:

With the change in auditing standards, the Center needs to put into place a system designed to provide for the preparation of the annual financial statements and related footnotes being audited. As auditors, we were requested to draft the annual financial statements and notes from the Center's accounting system.

Effect:

The lack of this control could cause a misstatement in the annual financial statements and footnotes to go undetected.

Cause:

This situation is common in entities this size and is a direct result of the cost/benefit of preparing their annual financial statements and footnotes.

Recommendation:

The Center should look at the costs and benefits of implementing internal controls over preparation of the annual financial statements and related footnotes.

Response:

See Corrective Action Plan.

Section III - Findings and Questioned Costs for Federal Awards

No matters reported.

Oasis Food Center
Corrective Action Plan
For the Year Ended December 31, 2008

2008-1: Preparation of Financial Statements

The Center will research the cost and benefits of training someone with the skills and knowledge necessary to prepare annual financial statements including footnotes.

If there are any questions regarding this plan, please contact Treasure Valley Christian Center, Inc. dba Oasis Food Center.